

ASSEMBLY BILL

No. 2617

Introduced by Assembly Member Tran

February 19, 2010

An act to add Sections 17053.81 and 23625 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2617, as introduced, Tran. Income taxes: credit: new jobs.

The Personal Income Tax Law and the Corporate Tax Law authorize various credits against the taxes imposed by those laws.

This bill would, for taxable years beginning on or after January 1, 2010, allow a credit against those taxes in an amount equal to 15% of the wages paid or incurred during the taxable year to a qualified taxpayer commencing to do business on or after 2010, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17053.81 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.81. (a) For taxable years beginning on or after January
- 4 1, 2010, there shall be allowed as a credit against the "net tax," as
- 5 defined in Section 17039, an amount equal to 15 percent of the
- 6 wages paid or incurred during the taxable year to a qualified
- 7 taxpayer first commencing to do business on or after 2010.
- 8 (b) For purposes of this section:

1 (1) “Qualified full-time employee” means:

2 (A) A qualified employee who was paid qualified wages by the
3 taxpayer for services of not less than an average of 35 hours per
4 week.

5 (B) A qualified employee who was a salaried employee and
6 was paid compensation during the applicable taxable year for
7 full-time employment, within the meaning of Section 515 of the
8 Labor Code, by the taxpayer.

9 (2) “Annual full-time equivalent” means either of the following:

10 (A) In the case of a full-time employee paid hourly qualified
11 wages, “annual full-time equivalent” means the total number of
12 hours worked during the applicable taxable year for the taxpayer
13 by the employee (not to exceed 2,000 hours per employee) divided
14 by 2,000.

15 (B) In the case of a salaried full-time employee, “annual
16 full-time equivalent” means the total number of weeks worked
17 during the applicable taxable year for the taxpayer by the employee
18 divided by 52.

19 (3) “Qualified wages” means wages subject to Division 6
20 (commencing with Section 13000) of the Unemployment Insurance
21 Code.

22 (c) Any deduction otherwise allowed under this part for qualified
23 wages shall not be reduced by the amount of the credit allowed
24 under this section.

25 (d) For purposes of this section, all employees of the trades or
26 businesses that are treated as related under either Section 267, 318,
27 or 707 of the Internal Revenue Code shall be treated as employed
28 by a single taxpayer.

29 (e) In the case where the credit allowed by this section exceeds
30 the “net tax,” the excess may be carried over to reduce the “net
31 tax” in the following year, and succeeding years if necessary, until
32 the credit has been exhausted.

33 SEC. 2. Section 23625 is added to the Revenue and Taxation
34 Code, to read:

35 23625. (a) For taxable years beginning on or after January 1,
36 2010, there shall be allowed as a credit against the “tax,” as defined
37 in Section 23036, an amount equal to 15 percent of the wages paid
38 or incurred during the taxable year to a qualified taxpayer first
39 commencing to do business on or after 2010.

40 (b) For purposes of this section:

1 (1) “Qualified full-time employee” means:

2 (A) A qualified employee who was paid qualified wages during
3 the taxable year by the taxpayer for services of not less than an
4 average of 35 hours per week.

5 (B) A qualified employee who was a salaried employee and
6 was paid compensation during the taxable year for full-time
7 employment, within the meaning of Section 515 of the Labor Code,
8 by the taxpayer.

9 (2) “Annual full-time equivalent” means either of the following:

10 (A) In the case of a full-time employee paid hourly qualified
11 wages, “annual full-time equivalent” means the total number of
12 hours worked for the taxpayer by the employee (not to exceed
13 2,000 hours per employee) divided by 2,000.

14 (B) In the case of a salaried full-time employee, “annual
15 full-time equivalent” means the total number of weeks worked for
16 the taxpayer by the employee divided by 52.

17 (3) “Qualified wages” means wages subject to Division 6
18 (commencing with Section 13000) of the Unemployment Insurance
19 Code.

20 (c) Any deduction otherwise allowed under this part for qualified
21 wages shall not be reduced by the amount of the credit allowed
22 under this section.

23 (d) For purposes of this section, all employees of the trades or
24 businesses that are treated as related under either Section 267, 318,
25 or 707 of the Internal Revenue Code shall be treated as employed
26 by a single taxpayer.

27 (e) In the case where the credit allowed by this section exceeds
28 the “tax,” the excess may be carried over to reduce the “tax” in
29 the following year, and succeeding years if necessary, until the
30 credit has been exhausted.

31 SEC. 3. This act provides for a tax levy within the meaning of
32 Article IV of the Constitution and shall go into immediate effect.